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C O N F I D E N T I A L SECTION 01 OF 07 TAIPEI 003262

SIPDIS

STATE PASS AIT/WASHINGTON

E.O. 12958: DECL: 08/04/2015

TAGS: [PREL](#) [PGOV](#) [ASEC](#) [TW](#)

SUBJECT: CHINA OUTMANEUVERING TAIWAN IN AFRICA

Classified By: AIT Director Douglas Paal, Reason 1.4 (b/d)

1. (C) Summary: The PRC is promoting an economic and political campaign in Africa to expand its regional influence, secure natural resources, and pressure Taiwan's diplomatic partners. Taiwan officials and African diplomats resident in Taipei state Beijing is offering economic incentives to governments in exchange for mining rights and is actively pursuing energy deals throughout the continent. The PRC is also using its growing international influence, wielding its UN Security Council membership for national gain, and using regional organizations to expand its presence in Africa and entice opposition leaders and government officials to derecognize Taiwan. The diplomats further assess that Taipei's African foreign policy strategy is inadequate and does not address the current global realities in light of the PRC's growing international clout. They note that Taiwan officials themselves see little hope for countering Beijing in Africa. End summary.

Beijing's Economic Campaign

2. (C) Beijing has embarked on a focused economic campaign to expand ties and secure natural resources throughout the continent. South African Representative Horst Brammer told AIT that the PRC is aggressively seeking resources and raw materials for Beijing's growing economic needs and is looking to Africa for crude oil, base metals, and other minerals. He told AIT that while Beijing's influence across Africa is increasing, there is no good will in the PRC's efforts to promote its interests and noted that there is very little substantive PRC investment reaching African communities or promoting the long term interests of the region. Brammer argued that the PRC is focused on its long term goal of securing political influence through its economy, but has little interest in providing meaningful investment. It primarily wants to secure resources and get out.

3. (C) Taiwan Ministry of Foreign Affairs (MOFA) Deputy Director General for African Affairs, Jacques Wu, told AIT that the PRC's economic campaign in Africa includes a myriad of economic incentives and trade pacts to promote Beijing's interests. Wu noted that Beijing is using Free Trade Agreements (FTA) to expand trade ties with several African nations including Uganda, Nigeria, and Kenya. South Africa's Brammer reported that there have been many PRC sponsored trade delegations throughout the continent and said that Beijing is pushing an FTA with the Southern Africa Development Community (SADC), which is composed of thirteen nations in Southern Africa. He told AIT that Pretoria anticipates Beijing will try to pressure South Africa demanding that Swaziland must derecognize Taiwan before PRC-SADC FTA talks can move forward.

4. (C) Brammer also noted that Beijing has pressed African governments facing economic problems to sell a controlling stake in national resources in exchange for loans and cash. Brammer likened this to a new form of colonialism and lamented that some countries were essentially selling off their independence to the PRC as Beijing becomes entrenched in various sectors of their economies. For example in Zimbabwe, he noted that President Robert Mugabe recently went to the PRC to seek a USD one billion dollar loan. Beijing refused the loan but instead arranged a deal in which in exchange for assistance, Mugabe promised Beijing co-ownership of various mining rights in Zimbabwe. In Senegal, MOFA's Wu said that Beijing is pursuing a similar strategy and has been trying to buy rights to iron mines.

Actively Pursuing Oil Deals

5. (C) A major focus of the PRC's campaign in Africa is its drive to secure oil resources. Oman Commercial Office Director in Taipei Sulaiman Bin Sultan Al-Mughairy told AIT that the PRC is aggressively pursuing oil exploration projects in the Sudan, Sao Tome and Principe, Ghana, Chad and a number of other countries. Chad Embassy First Counselor Guedmadingar Masdongar confirmed to AIT that Beijing is actively pursuing oil projects in Chad - a diplomatic partner of Taiwan - via joint ventures with Canadian and other energy firms. Oman's Al-Mughairy told AIT that Taiwan has only recently begun making efforts to sign oil deals, largely in

response to the PRC, but he remarked that Beijing already has a substantial advantage in Africa because it has the influence to block Taiwan. The Director of the Forum on African Studies at National Chengchi University's Institute of International relations (IIR), Chen Shen-yen, added that Taiwan has been left out of the oil race in Africa because Taipei has mainly focused on maintaining African partners instead of pursuing ventures that benefit Taiwan's economic interests.

PRC Migration Also Helping Beijing

16. (C) Large scale PRC migration to Africa is also advancing the PRC's economic reach. South Africa's Brammer told AIT that there are large numbers of illegal and legal PRC immigrants residing in South Africa. He said that Pretoria estimates there are 50,000-80,000 illegal PRC nationals and possibly as many as 100,000 legal Chinese residents in South Africa. IIR's Chen noted that in addition to South Africa, West Africa is also seeing many PRC immigrants, who are helping advance Beijing's business interests by investing and seeking joint ventures with African firms. Brammer lamented that the influx is also bringing PRC organized crime elements, which are involved in trafficking, smuggling, and other illegal activities. He noted that there have been instances where Chinese tour groups visit South Africa but only the tour leader returns to the PRC.

Courting Political and Government Leaders

17. (C) Beijing is also utilizing its economic leverage to woo political and government leaders to switch ties from Taiwan to the PRC. MOFA's Wu told AIT that Beijing has been focusing in particular on Taiwan ally Sao Tome and Principe's ruling party, the Movement for the Liberation of Sao Tome and Principe (MLSTP). In February 2005, the PRC invited MLSTP head Manuel Pinto to Beijing for talks on the prospects of Sao Tome switching diplomatic ties to Beijing (Note: Pinto was President of Sao Tome's Socialist Government from 1975-1991. End note). Wu speculated that Beijing's interest in Sao Tome and Principe is Sao Tome's large oil reserves believed to be off-shore. South Africa's Brammer opined that Sao Tome and Principe would be the next Taiwan diplomatic partner that will be lost to the PRC because of Beijing's heavy pressure.

18. (C) MOFA's Wu told AIT that in Malawi and Swaziland the PRC is courting opposition leaders and political parties with promises of economic aid and kickbacks in exchange for encouraging the government to recognize Beijing. IIR's Chen noted that Taiwan partner Senegal is also wavering because President Abdoulaye Wade is seeking to expand Dakar's international exposure and influence within the region and has approached global organizations for assistance. Chen speculated that President Wade will need the PRC's support if he hopes to realize his aims of additional aid for Dakar and thus, will seek to open ties with the PRC.

Using Multilateral Diplomacy

19. (C) Beijing has sought to promote a foreign policy that utilizes multilateral organizations and its position on the Security Council to expand its influence in Africa and exert pressure on Taiwan. South Africa's Brammer pointed out that in 2002 Beijing threatened to use its Security Council veto to block the peace keeping budget for Liberia if Monrovia did not switch diplomatic ties to the PRC. (Note: In response, Liberia recognized the PRC in October 2002. End note). MOFA's Wu added that the PRC is also using regional organizations such as the Africa Union, SADC, and the African Development Bank to pressure Taiwan's diplomatic partners. Chad's Masdongar told AIT that during African Union meetings, the Presidents of Senegal, Chad, and Sao Tome and Principe were encouraged by other African Union members to break relations with Taiwan. IIR's Chen added that Beijing has also developed the Sino-Africa forum, which meets every two years, and uses this forum as a tool to build influence by forgiving debt and offering aid only to governments that recognize the PRC.

Taiwan Unable to Combat Beijing

10. (C) Taipei has been slow to adopt, or even face the need for a new long-term diplomatic strategy and has been content to rely on outdated policies to counter Beijing. Taiwan government officials admit that Taipei's position in Africa is worsening, although MOFA's Wu said Taiwan is trying its best to maintain its small foothold in Africa by differentiating itself from Beijing with various aid projects that benefit the people rather than support corrupt officials. He said that most of Taiwan's aid projects are focused on agriculture, health, education, and sanitation while Beijing typically builds large infrastructure projects

such as soccer stadiums or bridges.

11. (C) South Africa's Brammer agreed that Taipei has many excellent aid projects that do much for the region, but he argued that Taiwan is losing ground to the PRC because Taipei is still using "conventional diplomacy in an unconventional world." Brammer argued that Taiwan should adopt a different diplomatic strategy and that Taipei is wasting resources on inconsequential nations that do not give Taiwan anything in return. He said that Taipei should focus on nations that play a larger role in Taiwan's stability and its commercial interests and contends that the Chen administration must not link independence rhetoric and Taiwanese identity to its diplomatic strategy. He further asserted that Taiwan's obsession with diplomatic recognition has only reduced its international credibility because of the type of countries that Taipei supports.

Comment: Little Taiwan Can or Will Do

12. (C) Taiwan has been unable to counter the PRC's challenge in Africa because Beijing has the resources and the strategy to outmaneuver and outbid Taipei. On the home front in Taiwan, legislators and the public are growing weary of generous aid packages being offered to African nations simply to maintain symbolic diplomatic ties that offer little in return. Taipei does have much to offer in the technical and humanitarian assistance arena, but new strategies that promote this experience can only go so far against the array of economic incentives Beijing is offering to African leaders. Moreover, the majority of nations in Africa that recognize Taiwan are not overly concerned about Taipei's democratic values and, more often than not, the biggest factor in the recognition game is simply how much aid flows into the government's pockets. As long as Taiwan continues to refuse to address this reality and relies on traditional diplomatic strategies, Taipei will continue to be marginalized in Africa and around the world.

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